



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group

October 3, 2003

Dear Medicaid Infrastructure Grantees:

This letter serves as official notice announcing that states currently receiving Medicaid Infrastructure Grants, as authorized by the Ticket to Work and Work Incentives Improvement Act (P.L. 106-170), may submit an application for continued funding for 2004.

All current grantees at the four-year full or conditional level and grantees at the one-year conditional level that have reached their personal assistance services benchmark for 2003 are eligible to apply. The application deadline is November 15, 2003.

The minimum grant award for calendar year 2004 is \$500,000. States with Medicaid buy-in programs may request an amount greater than \$500,000 if the request does not exceed an amount greater than 10% of the expenditure level of the state's Medicaid buy-in program, or \$1,500,000. In your application please include both the amount of funding that you are requesting for 2004 and the total amount of unexpended carry-over funding from 2003. Your project officer will be in contact with you if your reported carry-over does not match our Payment Management System reports.

Please also note that carry-over funds from 2003 in excess of \$500,000 will be used to offset that state's next grant award. The amount of carryover funds is determined by the amount of funds that have been reported by states via the 272 through the HHS Payment Management System. For example, if a state is eligible to receive a \$650,000 grant award and has \$600,000 in carryover funds from a previous year, that state will receive a total of \$550,000 in **new** grant funds; \$100,000 of the new award has been offset by excess carry-over. As a second example, if a state applies to receive a \$500,000 grant award and has \$1,000,000 in carryover funds, that state will not receive additional funding, and the applicant should expend the carry-over balance in the subsequent grant year. In addition to impacting new grant awards, states should be very aware of carry-over funding as they approach the end of their first four-year grant. Per our grants policy, states will have 90 days following the end of the grant to file all reports and expend available funds before the funds revert back to CMS. Extensions will be granted for up to 12 months for extraordinary circumstances.

For planning purposes as you prepare for future participation in the MIG program, we want to make you aware of a few changes. A new competitive grant solicitation will be issued in the winter of 2004 for the next four-year funding cycle. In response to tight state budgets, CMS has decided to continue the conditional eligibility category. As originally intended, the conditional eligibility category was to provide states the

opportunity to use the first four years of the program to meet the full eligibility criteria. Because a number of states will not be able to reach full eligibility in this timeframe, we will carry that eligibility category forward for two additional years. The reserved eligibility category will be eliminated.

What this means to states is that fully eligible states may apply for four additional years of funding (note in the attachment that full eligibility has also been broadened) under the next *competitive* solicitation. Conditionally eligible states that have made outcomes based improvements in PAS over the first four years of their participation but have not yet reached the full eligibility criteria may apply for two additional years of funding under the conditional category after which time those states will be expected to competitively reapply as fully eligible. At the end of six years of participation, we expect the eligibility “tiers” to be eliminated from the program and all participating states from year seven forward will be offering PAS sufficient to support individual in competitive employment. (P.L. 106-170, section 203)

We, therefore, strongly encourage states that fall within the “conditional” eligibility category to develop outcomes oriented goals and benchmarks that will expand the number of hours personal assistance services are provided and/or the number of people actually receiving these services in order to qualify for future funding.

Your application, along with a brief cover letter advising that this is a continuing application for the Medicaid Infrastructure Grant, is to be postmarked no later than November 15, 2003 and sent to:

Ms. Nicole Nicholson
Centers for Medicare and Medicaid Services
Officer of Internal Customer Support, Acquisitions and Grants Group
C2-21-15 Central Building
7500 Security Boulevard
Baltimore, Maryland 21224-1850

An electronic copy of your application should also be sent to your CMS project officer and your CMS regional office Ticket to Work coordinator.

Additional information for completing your application is included in the attachment. Questions regarding this letter should be directed to your CMS project officer. I appreciate your continued efforts to enable improved opportunities for health coverage and employment on the part of people with a disability.

Sincerely,

Glenn A. Stanton
Acting Director

Attachments

Addressees:

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cc: RO TWWIA Coordinators
Nicole Nicholson
Melissa Wittman
Mark Newsome

CMS Technical Assistance to States on Future MIG Grants

I. Eligibility Requirements for Competitive MIG Grants

Changes for PAS eligibility standards:

- a. Reserved Eligibility Category:** eliminated
- b. Conditional Eligibility Category:** maintained for two additional years for states that have made measurable progress during their first four years.
- c. Full Eligibility Category:** Broadened to include states with waivers that satisfy a sufficiency standard of greater than 50%. In other words, waivers that serve individuals with MR/DD and physical disabilities must serve enough individuals to be judged as having met more than 50% of those that need services. This standard has been decreased from 75%. Additionally, services to individuals with mental illness, while very important, will not be considered when determining eligibility.

II. Financial Requirements for Grants

a. Closing Out 2004 Continuation Grants

States that complete their fourth year of funding have 90 days following the conclusion of the grant (generally, December, 31, 2004) to file all reports and expend all funds. Any remaining funds will be deobligated by CMS. Under extraordinary circumstances, CMS will consider requests for 12 month no-cost extensions. Grants will not be extended beyond 12 months.

b. Management of Carryover Funds 2005 Grants

Last year, CMS announced a policy to limit carry-over funding to \$500,000. However, carry-over funding in most states exceeds this level. In a continued attempt to preserve this program by not calling attention to a high level of unspent funding, CMS is further limiting the carry-over funding policy. Beginning with the next competitive grant cycle (2005 for most states), the available funds that a state may carry over into the following year is \$250,000. Any amounts over this will offset a state's new award.

Medicaid Infrastructure Grant Continuation Application Instructions

For those states that are currently in the fully eligible or conditional category the requirements associated with the continuing grant application process are fewer in number and less detailed than the original application submission. The following provides guidance on how to apply.

Narrative

The narrative should be limited to 10 pages or less and include the following:

- A description of what was accomplished during the 2003 grant period as compared to the proposed project goals. This description should correspond to the three quarterly reports submitted electronically.
- Since continued funding for conditionally eligible states is contingent upon the expansion of personal assistance services by way of agreed upon benchmarks, include a statement of the year 2003 benchmark and documentation that the benchmark has been met.
- A description of the proposed goals and estimated date of completion to be accomplished during the 2004 grant period. These goals and planned completion dates will be entered into the first quarter 2004 progress report.
- In addition to the project officer, list the names of other individuals working on the grant that may be contacting CMS.
- If you are requesting an amount above \$500,000 please describe how the additional funds will be used to provide substantial value in expanding supports and services for health care coverage and employment for people with disabilities. Include the specific goals to which these funds are targeted.
- For each goal above, an estimated budget should also be included. These amounts should be inserted into the first 2004 quarterly progress report.

Budget

Complete the project budget forms using the standard federal forms as follows:

- complete the Application for Federal Assistance forms SF 424 and SF 424A, and the Assurances form, SF 424B. These forms are available on the CMS web site: <http://www.cms.hhs.gov/twwiia/infrastr.asp>.
- States requesting funds above the minimum amount are required to submit a detailed implementation plan and financial breakout by line item describing the proposed use.

Carry Over Funds

States may submit a request to carry over funding from 2003 to 2004 for unused grant monies as follows:

- The carry over funding should be reflected in the allocation of budgeted funds for calendar year 2004 on the federal budget form SF 424A.

- List the unobligated amounts on the 424A under Section A- Budget Summary - Estimated Unobligated Funds Category. Include a narrative description of each obligation including the organization or individual to whom funding is obligated.
- Include a statement at the bottom of Form 424A as to the reason(s) that funds were not spent and an estimated date as to when 2003 money will be spent based on the activities outlined in the continuing application.

Funding above the \$500,000 Minimum

To receive additional funding, states are required to document such expenditures either in the form of expenditure reports for the previous grant year or actual budgeted expenditure levels approved by the legislature and Governor for the previous year, the current year, or the grant year.

For 2004 we will not approve requests from such states that exceed \$500,000, unless the proposal indicates that the funds are vital and the States requesting additional funding demonstrate that they do not have excess carryover funds that can be used to undertake or complete these activities.

Also, states that receive funding which exceeds the minimum grant award level (\$500,000 for the grant period) must agree to provide and/or contribute to some form of technical assistance to other states based on the learning achieved in the process of implementing its Medicaid employment initiative. Specific details will be negotiated based on the state's interest in providing assistance, the type of assistance already offered by other grantee states, the expressed desire of states which are requesting assistance, and the input of all states with regard to the best methods to assure a national infrastructure capability.

Please note that funds above the minimum \$500,000 amount will be subject to availability of funds. Increase in the number of states taking advantage of the Medicaid infrastructure grant program and additional uses of funding requests by states for amounts above the minimum are reaching the point where the total amounts requested may not be available. Additionally, award amounts above the \$500,000 minimum will be based on the value and merit of the activities that are proposed in expanding supports and services to workers with disabilities.

Quarterly Reporting

States are required to submit electronic quarterly progress reports, an annual report (fourth quarter report) of accomplishments and for states with a Medicaid buy-in an annual data report in accordance with the terms and conditions incorporated as part of the grant award. Continued grant funding is contingent upon meeting the agreed to terms and conditions.